



Cabinet Member Report for Finance

Northampton Borough Council

Monday 14 December, 2015

Finance

On 25th November the Chancellor set out the Government's spending plans for the period of this parliament. From a local government perspective these plans included investment in providing new housing, social care and infrastructure against a background of continued reductions in public sector spending.

The announcements have been high level with little detail. However, the Council is using its networks and intelligence sources to understand potential implications on both its finances and service provision.

At the time of writing the impact of these announcements are being assessed for their impact on our Budget 2016/17 and our Medium Term Financial Plan. It is anticipated further information, particularly for 2016/17, will be announced as part of the Local Government Finance settlement which is expected around mid December. Specific areas for the Council will focus on are:

- The future of New Homes Bonus. The Spending Review mentioned the current scheme would change with the potential for less resources overall and monies being transferred into social care.
- The profile of Government funding reductions. The figures released in the Spending Review suggest a greater reduction in the early years of the plan, with them tapering off in the later years.
- The future of Business Rates Retention. It has been announced that Government plans to give local government 100% of business rates. More details will be announced when the Chancellor announces the Budget 2016.
- Housing related changes, including the 1% rent reduction per annum.

The Council has been developing its medium term financial plans and draft budget for a number of months. Directorates have reviewed their budgets for the continuation of services, a process that will identify any cost pressures that may arise. In addition work is being undertaken to assess opportunities for efficiency savings in next years budget. Such efficiencies will give the Council a head start in meeting challenges it faces over the medium term.

The draft Budget 2016/17 and Medium Term Financial Plan 2016-21 for both the General fund and Housing Revenue Account will be presented to Cabinet on 16th December for consultation.

Revenues and Benefits

The service have supported a consultation on how changes to the 2016-17 Council Tax Reduction Scheme may affect them. The Council Tax Reduction scheme provides financial support for people on low incomes to help with their Council Tax bill. In Northampton the scheme helps around 16,000 people. The Council has looked at three options, which will support those who need it most, help people get back into work and protect the Council's finances. Each option looks at how much support should be offered to pay a proportion of the total Council Tax bill.

1. Reduce the maximum amount of support from 79% to 69%,
2. Do not change the level of support, currently 79%,
3. Or reduce the maximum amount of support over the next two years from 79% to 63%.

The consultation was made available on the Council's website and there have been four drop in sessions at the Guildhall for anyone interested in asking questions about the changes or looking to find out more about the scheme.

The results of the consultation will be made available during the early part of December 2015 and form part of the Council's recommendation for the 2016 – 17 scheme to Full Council.

The service have also been supporting the external audit of the 2014-15 Housing Benefit subsidy claim. This process is key in maximising income due back to the Council against housing benefit expenditure paid during the year. As complexity and transitions within the scheme continue, quality and accuracy have and will continue to come under pressure. Therefore this audit will help to inform the service on how it is progressing in this area and make relevant improvements where they have been highlighted.

Service performance against its key indicators remains high with LGSS Revenues and Benefits team expecting a high outturn performance as we move towards the end of Quarter 3 of 2015-16.

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Cabinet Member for Finance